

## FINANCIAL REGULATIONS

(Ref: CS/01)

### Purpose of the Finance Regulations:

The Financial Regulations detail Board, Committee, subsidiary Board and staff responsibilities together with details of generally accepted best practice. They form a part of the overall system of financial and management control and take account of the Scottish Housing Regulator's (SHR) Regulatory Standards of Governance and Financial Management.

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## 1. Introduction

- 1.1 The Association's Rules define the aims and set out the power and authority of the Association, which is vested in the Board. The Association's Standing Orders set out how the Board and Committees conduct their business. The Association's Financial Regulations define the authority of the Board, Committees, officeholders and staff in the control and use of financial resources and assets and define how they must be accounted for.
- 1.2 Nothing in the Financial Regulations will override:
- Statutory requirements;
  - Guidance from The Scottish Housing Regulator (SHR);
  - The Association's Rules; or
  - The Association's Standing Orders.
- 1.3 Compliance with the Financial Regulations is compulsory for all staff employed by the Association. It is the responsibility of all Directors to ensure that their staff are made aware of the existence and content of the Association's Financial Regulations and procedures.
- 1.4 The Association's detailed financial procedures set out how the regulations will be implemented. It is the Corporate Services Director's responsibility to prepare and maintain the Association's financial procedures, which will be available to all staff (where relevant) in the Association's electronic filing system.

## 2. Definitions

- 2.1 In these Financial Regulations, the following words and phrases have the following specific meanings:

Chair	The Chair of the Association or the Vice Chair acting in their place
CEO	The CEO of the Association or the Deputy CEO acting in their place
Directors	The Corporate Services Director, the Property Services Director and the Housing Management Services Director of the Association
Senior Management Team (SMT)	The CEO and Directors
Staff	All employees of the Association except the CEO and Directors
The Scottish Housing Regulator	The statutory body responsible for regulation of the Association
CEC	City of Edinburgh Council

Financial Year	The 12 month period from 1 April one year to 31 March the next
Virement	The transfer of budgeted resources from one budget heading to another without increasing or decreasing the aggregate budget income or expenditure in the Financial Year
Values in £	Where quoted, values in £s include irrecoverable VAT

Other terms are defined when they are first used in the Financial Regulations.

### **3. Internal Financial Control**

#### **Definition**

3.1 Internal financial control can be defined as:

‘The controls established

- To provide reasonable assurance of the safeguarding of assets against unauthorised use or disposition; and
- To provide reasonable assurance of the maintenance of proper accounting records and the reliability of financial information used in and published by the Association.’

#### **Requirement for Internal Financial Control**

3.2 In addition to its own need for a documented system of internal controls to achieve the aims set out in the above definition, it is a requirement of the Regulatory Advice Note: Internal Financial Controls and the Regulatory Standards (issued September 2018) for Registered Social Landlords that the Association includes a statement in its published accounts which:

- Confirms that the Board acknowledges its responsibility for Internal Financial Control;
- Includes a description of the key procedures for Internal Financial Control;
- Confirms that the Board has, in the Financial Year, reviewed the effectiveness of the system of Internal Financial Control;
- Reports whether any weaknesses in the system of Internal Financial Control have resulted in any material losses, contingencies or uncertainties which require disclosure in the audited accounts;
- Explains that the system can not provide absolute assurance against material loss or misstatement;
- Provides reasons for any non compliance;

- Covers the period between the balance sheet date and the date the accounts are signed; and
  - Covers the whole group, where that is appropriate.
- 3.3 The External Auditors are required to review this statement, and to report any discrepancies between it and the results of their audit work.

### **Responsibility for Internal Financial Control**

- 3.4 Responsibility for Internal Financial Control lies with the Board of the Association in accordance with the Regulatory Standards. The Board is responsible therefore for ensuring that the control system detailed above is in place, is adhered to and is effective. All Board members and staff must adhere to the controls which apply to any situation involving the Association. Day to day management and implementation of controls is delegated to the CEO, Corporate Services Director, and other staff (as outlined in detail within these regulations). The Preventing Bribery and Fraud Policy (G/02) explains how good internal control can help prevent fraud.

### **Key Controls**

- 3.5 The Association will at all times maintain the following key controls:
- Management accounts will be prepared monthly for management use and presented, with supporting narrative, to the Board meeting each quarter;
  - Annual accounts will be prepared for external audit, external audit to be conducted within two months of the end of the Financial Year and an External Auditor's Audit Findings Letter will be presented to the Board at the same time as the Annual Accounts;
  - A budget for each financial year will be prepared by the Corporate Services Director and other members of the SMT and then discussed and approved by the Board before the start of each Financial Year;
  - Segregation of duties will be maintained between initiating, actioning and recording a financial transaction;
  - All borrowing decisions and changes to banking arrangements will be approved by the Board before being actioned;
  - All bank transactions over £1,000 will be authorised by two Directors acting independently of each other. One Director will be required to authorise bank transactions under £1,000 (when using cheques).

3.6 These controls are described in further detail in the appropriate sections of the Financial Regulations and the Treasury Management Policy.

### **Benefits of Internal Financial Control**

3.7

A strong system of Internal Financial Control, as documented in these Financial Regulations, will enable the Association to ensure:

- That its assets, including physical assets, funds with bankers and housing stock, are properly safeguarded from potential loss;
- That its staff are properly aware of the limits of their authority to commit the Association to transactions;
- That reliable financial reports are prepared and submitted to the Board; and
- That relevant legal and regulatory obligations are complied with.

3.8 A system of Internal Financial Control, such as documented Financial Regulations, can only provide reasonable assurance against financial loss and cannot provide certainty that financial loss will not be incurred by error or omission.

## **4. Responsibilities and Duties of the Board**

### **Introduction**

4.1 The Board acts for and in the name of the Association. It must retain ultimate control over all aspects of the Association's work and ensure that its financial and legal responsibilities are properly fulfilled.

4.2 The Board must exercise control over the Association's finances and ensure that expenditure is covered by income. The Board must also ensure that:

- The organisation of its financial functions adequately matches the scale of the Association's activities;
- The Association maintains proper accounts and related records; and
- The Association operates as economically, efficiently and effectively as possible within its overall objectives.

### **Responsibilities of Board Members**

- 4.3 At all times the duty of the Board members is to the Association, its tenants, its staff and the community at large. All Board members must satisfy themselves that they have sufficient access to all relevant information and that they are sufficiently familiar with the affairs of the Association and its background to be able to make properly informed decisions on matters affecting the Association.
- 4.4 Housing Association regulation and the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969 and Part 6 of the Housing (Scotland) Act 2010 state that the Board is responsible for:
- Preparing annual accounts which give a true and fair view of the state of the Association's affairs at the end of the Financial Year, and of its Income and Expenditure in the Financial Year;
  - Selecting suitable accounting policies and applying them consistently;
  - Following applicable accounting standards; and
  - Ensuring proper accounting records are maintained.
- 4.5 The Board is responsible for ensuring a Statement of Assurance is produced by the Internal Auditor annually. The Board is also responsible for recommending to the annual general meeting (AGM) the appointment of the Association's External Auditors.
- 4.6 The Board is responsible for ensuring that an Annual Assurance Statement is submitted annually to the Scottish Housing Regulator.
- 4.7 Although in practice the Association largely delegates these tasks to staff, the Board remains ultimately responsible for them.

## **5. Responsibilities and Duties of the Audit Committee**

### **Introduction**

- 5.1 It is accepted good practice for associations to establish an Audit Committee. The Financial Reporting Council (soon to be Audit, Reporting and Governance Authority) provides guidance on the role of the Audit Committee in its publication 'Guidance on Audit Committees' published in April 2016. The Audit Committee is an independent, advisory sub committee of the Association's Board. It is appointed by and responsible to the Board. Its main functions are overseeing the Association's:
- Accounting and internal control systems;
  - External audit;

- Internal audit;
- The provision of the annual statement of assurance in respect of the financial control systems; and
- Risk management.

## **Composition of the Audit Committee**

5.2 The composition of the Audit Committee is as follows:

- Minimum of three and maximum of less than half the current Board membership, with a quorum of three, and with at least one member with a background in finance, accounting or auditing. The Chair is elected by the Audit Committee; if only one member has a background in finance, accounting or auditing, they would normally be the Chair;
- The Chair of the Association may not chair the Audit Committee, and vice-versa;
- The Audit Committee will meet as frequently as required by the Board or by Internal or External Auditors, or if requested by the CEO or Corporate Services Director. The agenda and supporting papers for each meeting will be sent to Audit Committee members at least 7 days in advance of the meeting. Full minutes will be taken of each meeting and will be presented to the next Board meeting for approval by Audit Committee members and for Board members' information;
- The Association's CEO and Corporate Services Director will attend all meetings, but will leave if requested by the Chair;
- The Association's Internal Auditor can be invited to attend a specific meeting, and will receive copies of all relevant papers for that meeting;
- The Internal and External Auditors have a right of access to the Chair of the Audit Committee and may request a meeting without staff present;
- The Audit Committee has the right to receive all information it considers necessary from the Association's staff. All information received will be treated as confidential by Audit Committee members.

## **Audit Committee Responsibilities**

### **Accounting and Internal Control Systems**

5.3 The Audit Committee is responsible for:

- Advising the Board whether an adequate system of accounting and internal control exists, and for making recommendations for its



improvement. In this, it will be advised by External and Internal Auditors and the Corporate Services Director;

- Consider the Internal Auditor's annual report on the effectiveness and efficiency of the Association's system of Accounting and Internal Financial Control and recommending whether the Board accept it or not; and
- Consider the Internal Financial Control statement and recommending whether the Board accept it for inclusion in the Annual Accounts.

## **External Audit**

### **5.4 The Audit Committee is responsible for:**

- Recommending the appointment or reappointment of the External Auditors to the Board and AGM of the Association, and for agreeing their fee;
- Agreeing the timing of external audit work, having regard to advice from the External Auditor and Corporate Services Director and ensuring compliance with all appropriate statutes, regulations and guidance;
- Receiving the External Auditor's Audit Findings letter, reporting its contents to the Board and reply on its behalf; and
- Reviewing the annual audited accounts and submitting them to the Board for approval.

## **Internal Audit**

### **5.5 The Audit Committee is responsible for:**

- Ensuring the Association has an appropriate internal audit function, and appointing or reappointing the Internal Auditor, including agreement of terms of reference and fees;
- Reviewing and agreeing the planned programme and scope of internal audit work, and ensuring its completion;
- Consider internal audit reports, their recommendations and management responses and ensure implementation of recommendations
- Reporting to the Board each year on the internal audit work and ensure its completion.
- Identifying any additional internal audit work required, recommending to the Board that it be undertaken, and, subject to Board approval, commissioning it and receiving the report.

## **6. Responsibilities and Duties of Staff**

### **Introduction**

- 6.1 Day to day management of the finances of the Association is delegated to the Corporate Services Director by the Board. In all these areas, responsibility rests with the Board and the Corporate Services Director must report to them in the form and frequency required by them.

### **Corporate Services Director**

- 6.2 The financial responsibilities specifically delegated to the Corporate Services Director are as follows:

- Develop, monitor and review accounting policies and procedures to comply with the Association's responsibilities, accounting standards and best practice guidance;
- Prepare, monitor and review the Association's annual financial plan, budget projections and accounts and present them to the Board;
- Specify the form in which all the accounting records of the Association are maintained;
- Prepare the Association's annual accounts for audit by the External Auditors, and for approval by the Board;
- Ensure that internal financial controls are adequate and properly enforced and use the Association's internal auditors as necessary;
- Ensure the effective management of the Association's loan portfolio, banking arrangements and cashflow;
- Manage the Association's payroll function in line with all legal requirements;
- Ensure that the Association's insurance arrangements are adequate, cost effective and properly administered.

- 6.3 These functions are described in more detail in the appropriate sections of the Financial Regulations.

### **Other Staff**

- 6.4 The Corporate Services Director delegates day to day responsibility for many of these functions to the Association's Corporate Services Team and to other staff as appropriate. Whenever performing work in any of these

areas, all staff are responsible to the Corporate Services Director, who is in turn responsible to the CEO and Board.

- 6.5 All members of staff are responsible for the security, custody and control of resources including buildings, materials, cash and equipment relating to their sphere of responsibility or under their control.

## **7. Financial Planning and Budgeting**

### **Introduction**

- 7.1 Financial Planning is defined as ‘the process by which an organisation forecasts and controls its income, expenditure and cashflow’

- 7.2 The Association has an annual cycle of financial planning and budgeting

### **Financial Plan**

- 7.3 The Association’s principal financial plan is the 25 year Budget which it is required to prepare under the loan agreements with the Association’s funders.

- 7.4 This plan includes:

- A projection of the Statement of Comprehensive Income (SOCI);
- A projection of the Statement of Cashflow (SOCF);
- A projection of the Statement of Financial Position (SOFP);
- A projection of compliance with the covenants set out in the loan agreements;
- A narrative explanation of assumptions and estimates made and commentary on significant items; and
- Any other contents required under the terms of the Association’s loan agreements for each year.

- 7.5 It is the responsibility of the Corporate Services Director, in conjunction with the SMT, to prepare the Financial Plan, and to present it to the Audit Committee and Board at least one month before the end of the Financial Year or by such other date as may be required by loan agreements. The Board is responsible for adopting the plan on behalf of the Association.

- 7.6 It is the responsibility of the Corporate Services Director to present this plan to the Association's lenders, agreeing any amendments to it and to secure their agreement to it, within the timescale required by loan agreements.
- 7.7 In the event that changes are required to the Financial Plan, the Corporate Services Director, in conjunction with the rest of SMT, is responsible for preparing a revised plan and presenting it to the Board and to the Association's lenders.

## **Annual Budgets**

- 7.8 During the preparation of the 25 year plan, the Corporate Services Director, in conjunction with the SMT, is responsible for preparing a budget for the coming financial year.
- 7.9 A budget is defined as a detailed projection of all income and expenditure and cashflow by month in a financial year. The budget for each financial year must be submitted to the Board before the start of the financial year to which it relates. It contains:
- A projection of income by month;
  - A projection of expenditure by month;
  - A projection of the SOCF by month;
  - A projection of the SOFP at the end of each month; and
  - A narrative explanation of assumptions and estimates and commentary on significant items.
- 7.10 The budget must reflect the Financial Plan approved by the Board and the Association's funders.
- 7.11 Approval of an annual budget by the Board constitutes authority for the Directors to generate the income and incur the expenditure it sets out, within their areas and limits of responsibility. These are detailed in Part 8 - Budget Control.
- 7.12 The actual financial results of the Association are compared to the approved budget through the management accounts and any necessary corrective action is identified and taken.

## **8. Budget Control**

### **Introduction**

- 8.1 Budget control is the process by which the Association:

- Compares its actual financial results to its budget;
- Understands why differences have arisen; and
- Identifies and takes any action necessary as a result of those differences.

8.2 Effective budget control is crucial if the Association is to achieve its aims whilst ensuring that expenditure is met from income. The Budget setting procedure is detailed in F011.

### **Method of Budget Control**

8.3 The principal method of budget control used by the Association is the preparation of detailed monthly and quarterly management accounts by the Corporate Services Director for the CEO and Board. These are described in Part 10 - Accounting and Financial Reporting.

8.4 As a result of the budgetary control process, shortfalls in income or excesses of expenditure may be identified. Where these are significant, the relevant Director or the Corporate Services Director must report them to the CEO and Board and recommend what action should be taken to correct the situation.

### **Half Yearly Budget Review**

8.5 After six months of each Financial Year, the Corporate Services Director will prepare a revised budget for the remainder of the financial year. This will take into account:

- The actual results to date;
- Revised estimates of income and expenditure for the second six months, based on identified trends;
- Changes in timing or amount of projected income, expenditure or cashflow; and
- Any changes in the Association's priorities agreed by the Board.

8.6 This revised budget will be presented to the Board by the Corporate Services Director and, after approval by the Board, constitutes authority for the Directors to act upon it for the remainder of the Financial Year.

### **Virement**

8.7 Directors may request the CEO to approve virements between expenditure headings of up to 10% with a maximum level of £20,000 (whichever is

lower). Approval for virements greater than that may only be given by the Board. All virements must be reported to the Board by the relevant Director in the next Board meeting after being approved by the CEO.

## 9. Authorisation of Expenditure

### Introduction

- 9.1 Approval of the Association's annual budget by the Board provides authority for staff to incur the expenditure under the relevant headings on behalf of the organisation.
- 9.2 The Association aims to follow best practice in Scottish procurement legislation, please refer to our Procurement Strategy (TS/15). Reporting will be by relevant Director to the Board.
- 9.3 In exceptional circumstances the CEO can incur expenditure outwith the budget up to £20,000. The Chair of the Board can authorise such expenditure up to £100,000. In both cases such permission needs to be ratified by the full Board at their next meeting. Full Board approval must be obtained for exceptional expenditure greater than £100,000.
- 9.4 The table below shows the delegated responsibilities for the commitment of expenditure and the final authorisation (prior to payment) of expenditure contained in the annual budget after it has been approved by the Board. FO12: Delegation of Expenditure Commitments, details which staff are authorised to incur expenses, order works and authorise invoices.

Budget Heading	Budget Holder and Invoice Authoriser	Implementation Delegated to
<b>Capital Expenditure</b>		
Purchase of Land and Property	CEO	Property Services Director
Consultants' Fees / Works costs on new property	Property Services Director	Property Services Manager
Office Premises - acquisition and improvement	CEO	Corporate Services Director
Furniture	Corporate Services Director	Authorised Corporate Services Staff
IT equipment	Corporate Services Director	Authorised Corporate Services Staff
<b>Revenue Expenditure</b>		

<b>Budget Heading</b>	<b>Budget Holder and Invoice Authoriser</b>	<b>Implementation Delegated to</b>
Housing Loan Interest	Corporate Services Director	Finance Officers
Property Management Costs	Property Services Director	Authorised Property Services Staff
Service Costs	Housing Management Director / Property Services Director or Corporate Services Director	Authorised Housing Management /Property Services or Corporate Services Staff
Salaries	CEO	Relevant Director
Staff costs	Directors	Managers
Office Costs	Corporate Services Director	Authorised Corporate Services Staff
Office Administration Costs	Corporate Services Director	Authorised Corporate Services Staff
HM Administration Costs	Housing Management Director	Authorised Housing Management staff
CEO Travel and Subsistence Expenses	Chair	Corporate Services Director
Board Travel and Subsistence Expenses	CEO / Deputy CEO	Corporate Services Director
Depreciation	Corporate Services Director	Finance Officers
Miscellaneous Expenses	Housing Management / Corporate Services Director	Authorised Housing Management or Corporate Services Staff

## **Payments**

- 9.5 Payments will normally be made by electronic funds transfer from the Association's main bank or by cheque. The Corporate Services Director will specify how approval of commitment and payments is to be documented which must in all cases be in advance of the payments being made. The detailed procedure for the Purchase Ledger is F003.
- 9.6 Payments will only be paid on invoice and will never be made on the basis of a supplier statement. The relevant staff member will check the invoice and by uploading it into the accounting system or attaching it to an online BACS request, is confirming that:
- The work, goods or services to which the invoice relates have been ordered and the organisation is due to receive the goods and make payment for same;

- The work, goods or services to which the invoice relates have been received or carried out and examined and approved;
- The prices, extensions, calculations, VAT and nominal ledger coding are correct;
- The expenditure has been properly incurred in line with the approved budget and the relevant nominal code entered;
- The invoice has not already been passed for payment;
- The member of staff has the delegated authority to commit the Association to the expenditure;
- The supplier code is correct; and
- The invoice/BACS requisition has been assigned/forwarded to the relevant staff member for authorisation.

9.7 It is the responsibility of the person authorising the invoice to ensure that the nominal ledger code is correct. An invoice should never be checked and authorised by the same person. In general the person authorising the invoice should be a more senior member of staff than the person checking the invoice and will usually be the budget holder.

9.8 All invoices will be paid at the later of the agreed due date for payment and the date the last significant query from the responsible member of staff is resolved.

9.9 Payments can also be made by credit card either online or in person. Use of credit cards is strictly controlled and staff members need to ensure they follow the documented procedures in F010 carefully.

## **10. Accounting and Financial Reporting**

### **Introduction**

10.1 Maintenance of the accounting records of the Association is the responsibility of the Corporate Services Director . These must be such that the financial position of the Association can be reported throughout the financial year with reasonable accuracy and speed.

### **General Principles**

10.2 The following general principles will be observed in maintaining all accounting records:

- All accounting records will be maintained as the Corporate Services



Director directs, and in accordance with statutory, regulatory and other requirements;

- Separation of responsibilities and duties between generating transactions to receive or disburse funds, and the calculating, checking and recording of the receipt or disbursement;
- Staff responsible for checking and verifying a cash transaction will not be involved in the transaction; and
- All receipts and disbursements will be recorded in the appropriate manner as soon as they occur.

10.3 The CEO and Corporate Services Director have authority to:

- Access all records, documents and correspondence as they reasonably require relating to any financial or other transaction of the Association; and
- Receive such information and explanations from any Board member or member of staff as they reasonably require relating to any financial or other transaction of the Association.

### **Accounting Records**

10.4 The following accounting records will be maintained:

- Nominal ledger;
- An account for each bank account;
- Rent ledger including items recharged to tenants and owners;
- Purchase ledger;
- Sales Ledger;
- Payroll records;
- Loan register; and
- Fixed asset register.

10.5 In addition, the following externally generated documents will be retained for at least the legally specified period (see 10.12 below):

- Bank statements;
- Purchase invoices; and
- Income vouchers.

### **Internal Controls**

10.6 The following key internal controls will be maintained; where the control is performed by the same member of staff as the transaction being controlled, the control will be reviewed and countersigned by another, suitably qualified, member of staff.

- Monthly bank reconciliations of all bank accounts;
- Monthly reconciliation of rent charged;
- Monthly reconciliation of rent payments received;
- Monthly reconciliation of rent ledger control account;
- Monthly reconciliation of purchase ledger control account;
- Monthly reconciliation of payroll control account; and
- Annual reconciliation of private funding and grant received to the relevant Nominal Ledger Accounts.

## **Financial Reporting**

### **Management Accounts**

10.7 The Association's key financial reporting mechanism is monthly and quarterly management accounts. The detailed procedure that covers the preparation of the Management Accounts is F014.

10.8 Management accounts:

- Are prepared by the Corporate Services Director at the end of each calendar month;
- Include a detailed SOCI and SOCF for the current month, and the Financial Year to date;
- Include a SOFP as at the end of the current month;
- Include projected SOCI, SOCF and SOFP for the whole of the Financial Year, updated mid year;
- Include a narrative summary and explanation of any significant items or variances from the approved budget; and
- Are presented to the Board each quarter in full, and the SOCI (with further detailed reports) to SMT only on a monthly basis.

10.9 Changes in the format and content of management accounts may be agreed by the Board, CEO and Corporate Services Director from time to time. The content must not be reduced below that listed above.

### **Annual Accounts**

10.10 Annual accounts (and consolidated Accounts, when necessary) are prepared by the Corporate Services Director, in conjunction with the Association's External Auditors. Their format and content will comply with:

- Statutory requirements;
- Regulatory requirements, as set out by SHR Guidance Notes;
- The Association's accounting policies, as set by the Board;
- Current Statements of Recommended Accounting Practice for

- Registered Social Landlords; and
- Generally accepted accounting principles and best practice.

10.11 Annual accounts will be submitted to members of the Association, legal and regulatory authorities, bankers, lenders and any other person or institution entitled to receive them within the due period after the end of the Financial Year.

### **Accounting Returns**

10.12 The Corporate Services Director is responsible for consolidating and sending financial returns and other periodic financial reports to the SHR and other agencies as required.

### **Accounting Records**

10.13 The Corporate Services Director is also responsible for the retention of financial documents. These should be kept in a form acceptable to the relevant authorities. The Association is required by law to retain prime documents. These records are listed in the Document Retention Policy (G/23)

## **11 External Audit**

### **Introduction**

11.1 External Audit is defined as:

‘the independent examination of and expression of opinion on the accounts of the Association’.

### **Responsibility**

11.2 The Association’s Rules set out that the appointment of External Auditors is the responsibility of the members of the Association and must be achieved by resolution at the AGM each year.

### **Process**

11.3 The Corporate Services Director is responsible for liaison with the External Auditors, such that:

- The required timetable for preparation of the annual accounts is achieved;
- The Auditors’ findings letter is issued by the External Auditors to the Audit Committee and then the Board; and
- Any additional certification by the auditors of loan covenants per the

loan agreement are completed.

### **Powers of External Auditors**

- 11.4 In addition to the powers vested in them by statute and regulation, the External Auditors may, if they consider it necessary, require the Chair of the Association to convene a meeting of the Board for the specific purpose of hearing any concerns the External Auditors may have, and may ask that staff be excluded from attending a Board meeting to allow confidential discussion between Board and External Auditors.

### **Responsibilities of the Audit Committee**

- 11.5 The responsibilities of the Audit Committee are set out in Part 5 of the Financial Regulations and should be read in conjunction with this section.

## **12. Internal Audit**

### **Introduction**

- 12.1 Internal Audit is defined as

‘an independent appraisal function established by ... an organisation for the review of the internal control system. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources’

(Source: Auditing Practices Board, Guidance for Internal Auditors)

- 12.2 The Association will maintain an internal audit function in accordance with:

- Best practice;
- The Scottish Housing Regulator requirements; and
- Obtaining value for money.

- 12.3 Internal Audit is one means by which the Board satisfies itself that the internal control system of the Association is adequate, and that the Association is operating economically, effectively and efficiently. It does not remove the responsibility for the satisfactory operation of internal controls from the Board.

### **The Scottish Housing Regulator Requirements**

- 12.4 The Scottish Housing Regulator requires the Association to establish an internal audit function which is:

- Independent of the management of the Association;
- Properly qualified and experienced;
- Involved in setting the priorities for internal audit examination; and
- Responsible directly to the Board or Audit Committee of the Association.

12.5 The Association will comply with these requirements by appointing a suitably qualified and experienced firm of Chartered Accountants or other relevant practitioners to act as Internal Auditors.

### **Internal Audit Process**

12.6 The year for internal audit purposes need not coincide with the financial year. The internal audit process of the Association follows an annual cycle as follows:

- Preparation by the Internal Auditors of an Audit Needs Assessment, identifying the systems to be reviewed during the year;
- Discussion, amendment and agreement of the Audit Needs Assessment with the Audit Committee;
- Completion of internal audit work, and submission of reports on each system reviewed to the Audit Committee. These reports will explain the scope of the work, identify any weaknesses in the system and recommend how they can be remedied. SMT will be asked to comment on the Internal Auditor's recommendations to allow the Audit Committee to have as full an understanding of the report as possible;
- Submission by the Internal Auditors of an annual report, noting the work done and giving an assessment of the adequacy and effectiveness of the key internal control systems. This report will be presented to the Audit Committee and Board before signature of the Internal Financial Control Statement in the audited annual accounts.

12.7 The scope and amount of work to be undertaken by the Internal Auditors in any Financial Year will be decided by the Audit Committee, having regard to:

- The recommendations of the Internal Auditors and Corporate Services Director;
- The findings of previous internal audit work;
- The External Auditors' Audit Findings letter; and
- The financial and staff resources available.

12.8 The timing of internal audit work will be agreed between the Audit Committee, the Internal Auditors and the SMT.

## **Powers of Internal Auditors**

- 12.9 In addition to the powers vested in them by statute and regulation, the Internal Auditors may, if they consider it necessary, require the Chair of the Association to convene a meeting of the Board for the specific purpose of hearing any concerns the Internal Auditors may have. They may ask that staff be excluded from attending a Board meeting to allow confidential discussion between Board and Internal Auditors.
- 12.10 The Internal Auditors may be required to investigate a breach of the Board Code of Conduct.

## **Responsibilities of the Audit Committee**

- 12.11 The responsibilities of the Audit Committee are set out in Part 5 of the Financial Regulations and should be read in conjunction with this section.

## **13. Treasury Management**

- 13.1 The Treasury Management Policy provides full details of reporting requirements (CS/02)'

### **Banking**

- 13.2 The Association's banking arrangements are the responsibility of the Corporate Services Director; bank accounts may only be opened or closed with the authority of the Board. All bank accounts must be in the name of the Association, or its subsidiary.
- 13.3 Only the CEO and Directors may sign cheques and authorise payments electronically. When authorising any cheque/online payment signatories must have sight of and examine the supporting documentation.
- 13.4 Cheques/Direct Debit Mandates and Standing Orders under £1,000 may be signed by one signatory. All electronic bankline authorisation needs two members of SMT. The Corporate Services Director is responsible for ensuring the Association's bank is given clear instructions on these authorities.
- 13.5 All cheques will be held securely until issued. Access to our online bank accounts will be restricted to the SMT and members of the Corporate Services Team; PIN numbers for the Bankline authentication devices will be treated as confidential, as required by bank rules.
- 13.6 All credit cards are to be authorised by the Corporate Services Director, for use by staff permitted to incur the expenditure on behalf of the Association (see Section 9, Authorisation of Expenditure). The Corporate Services Director will set credit limits and restrictions on use, as deemed

necessary. The procedure that covers credit card use is F010.

### **Borrowing**

13.7 The Association's powers to borrow are set out in its Rules. In addition to the requirements set out in the Rules, all borrowing must be in the name of the Association and be properly recorded and accounted for by the Corporate Services Director as per the agreed Treasury Management Policy.

13.8 Only the Board may authorise borrowing by the Association.

### **Investments**

13.9 It is the policy of the Association that surplus funds (that is, cash not needed to meet immediate short term needs) is invested to maximise interest income. The Corporate Services Director is responsible for identifying surplus funds and for recommending suitable investments to the CEO, in compliance with the Rules and the Treasury Management Policy of the Association.

## **14. Control of cash and valuables**

### **Cash**

14.1 Occasionally cash might need to be held safely overnight in the office, it should be kept in the safe / secure box.

### **Other Items**

14.2 The following will also be held in the safe/secure box:

- Share certificates;
- Any title deeds not held by solicitors or funders;
- Any other item as instructed by the CEO or Corporate Services Director.

## **15. Procurement**

15.1 The SMT will prepare the annual Procurement Strategy Plan which itemises the proposed works to be carried out in the next financial year, analysed between departments and contract headings.

15.2 Approval of the Budget for the financial year by the Board will constitute authority for the Directors to proceed with the work set out in accordance with the requirements of this section, of Section 9 - Authorisation of Expenditure and with appropriate procedural guidance.

15.3 Ordering of work will be in line with PS 12 Procurement Policy.

- 15.4 In exceptional circumstances, such as emergency action required to protect the Association's housing stock, to avoid a risk to life, in order to secure time limited grant funding bids or for very low value contracts, SMT may order the necessary work without utilising the Public Contracts Scotland route. In line with the rules on virements in 8.7 any instances will be reported immediately to the CEO and to the Chair and tabled at the next Board meeting.

### **Tendering Process**

- 15.5 The tendering process is governed by the Procurement Strategy (TS/15) and Policy following Scottish procurement legislation and including compliance with mandatory requirements.
- 15.6 Throughout the tendering process the Association will follow Public Contract Scotland methodology and will seek, where possible a minimum number of tenders:

Estimated Value	Method	Authorisation	Minimum No. of Tenders
Up to £5,000 budgeted works	Quotation rules apply	Officer	2
Up to £25,000	PCS Quick quotes	Manager	2
Between £25,000 and £50,000	PCS Quick quotes	Manager	3
Between £50,000 and £250,000	PCS	SMT	4
Between £250,000 and £500,000	PCS	SMT	5
Between £500,000 and £4,733,251	PCS	Board	6
Over £ 4,733,252	GPA Regime	Board	6

- 15.7 Tender openings, with the exception of electronic post box openings on Public Contracts Scotland, will be witnessed by a minimum of two staff members, selected by the Procurement Lead SMT, who will record and evidence the tender opening and update the contract register.
- 15.8 Requests for quotations, for budgeted works, up to value of £5,000 should be listed and monitored by each department and overviewed quarterly by department manager.



## **Framework of Contractors, Consultants and Suppliers**

- 15.9 The Association will maintain a Framework of Contractors, Consultants and Suppliers in accordance with policy TS/10.
- 15.10 Contractors may be invited to apply for inclusion in the framework following:
- Invitation by the Association;
  - Advertisement by the Association;
  - Direct application to the Association;
  - Placement on a suitable Commercial Procurement Framework;
  - Successful tender submission and contract award, including through Public Contracts Scotland.
- 15.11 The SMT will report to the Board (usually within the SMT report) or Audit Committee as appropriate on all tenders awarded.
- 15.12 The SMT, as relevant Procurement Lead, will maintain an electronic register of all contracts with all relevant details.

## **Contract Variations**

- 15.13 The SMT may authorise contract variations where they or the consultant employed by the Association judges that the variation is necessary, up to the cumulative value of 10% of the agreed contract value, to a maximum of £20,000. Variations above this limit must be reported to the CEO and Board for authorisation of the increased expenditure, highlighting any likely implications on the Budget for the Financial Year. Revisions to the Budget will be documented at the midyear Budget Review.

## **Procurement Strategy – Annual Procurement Strategy Plan**

- 15.14 The SMT will develop and maintain a five-year procurement delivery plan, further detailed in PS12 Procurement Policy, covering contracts for each area of spend identified. This plan will be reviewed quarterly by SMT and reported annually to the Board.

## **16. Annual Maintenance and Improvement Programme**

- 16.1 In accordance with the Property Management Strategy TS/23 the Property Services Manager will prepare an annual maintenance and improvement programme itemising the works to be carried out in the next Financial Year, analysed between reactive maintenance, planned maintenance, medical adaptations and landscape maintenance and will cover the Association's social, mid market and factored stock.
- 16.2 Specific contracts will be procured to ensure service standards listed in the Maintenance Service and Satisfaction Strategy TS/02 are met. In

particular, a Reactive Maintenance contract with recognised and approved “all trades” contractors covering repairs to maintain the properties in wind, watertight and habitable, condition which will include:

- All trades 24 hours per day, 365 days per year emergency coverage;
- Classification of repairs between routine and emergency;
- Void property repairs;
- Facility to order common stair / estate repairs;
- Facility to order planned repairs.

16.3 The Property Services Director will provide regular reports to the Board on contractor performance.

16.4 In line with the Procurement Strategy and to meet Scottish procurement legislation contract durations will be set to allow periodic review and to deliver and assess continuance of best value in the marketplace.

## **17. New Build Housing Development**

### **Site Investigation**

17.1 When a site is identified as having development potential, a detailed site investigation will be carried out, including an assessment of the risks involved in developing the site. A report on the site investigation will be prepared for the Board with recommendations on whether the development should proceed. No site will be developed without Board approval.

### **Development Agents**

17.2 The Association will engage suitable experienced Development Agents and DesignTeam Consultants to assist in pursuing development opportunities and carry out development administration work, following a similar process to the Framework of Contractors, Consultants and Suppliers. Should the Association directly employ its own specialist development staff, the responsibilities ascribed here to the Development Agent would be taken over by those staff.

### **Scheme Agreement**

17.3 The Development Agent will be responsible for preparing a project proposal for submission to the relevant local authority. As part of this process, the SMT in conjunction with the Development Agent will prepare a financial appraisal including a cash flow analysis and an estimate of

rental income and private finance required. The Development Agent will conduct any necessary negotiations with the relevant local authority on the project proposal and will liaise with the Property Services / Corporate Services Director to agree the Housing Association Grant (HAG) target or minimum anticipated HAG offer. The project proposal report will be submitted to the Board for approval.

### **Acquisition**

- 17.4 The acquisition of any land or property will be subject to Board approval. Where HAG offer is available, the Development Agent will prepare the HAG Acquisition claim, in liaison with the appropriate Director, and submit this to the relevant local authority. SMT will be responsible for ensuring that the appropriate grant funding will be available at settlement.

### **Private Finance**

- 17.5 The Corporate Services Director will be responsible for ensuring that the necessary private finance is in place for any development project. Where appropriate, lenders will be invited to tender per the Procurement Policy. A report will be prepared for the Board on the outcome of the tendering process recommending the proposal that represents best value for money. This assessment will take account of factors such as arrangement fees, loan margin and other costs. (Treasury Management Policy details the steps required CS/02).

### **Tendering Procedure**

- 17.6 Section 75 development options or tenders for development projects will be invited in line with the Procurement Strategy TS/10. and a report produced for the Board recommending the project.

### **Progress Monitoring Reports**

- 17.7 Once the development project is on site, the Development Agents will provide monthly progress reports for the SMT who will report periodically to the Board. The Corporate Services Director will ensure that details of the financial position are included in the quarterly management accounts.

### **Invoices and Payment Certificates**

- 17.8 All invoices and payment certificates relevant to the development project will be properly checked by the Development Agent and authorised for payment by the Property Services Director. The Corporate Services Director will arrange payment in line with the Association's payment procedures set out in Section 13 (Banking, Investments and Borrowing).

### **HAG Claims**

- 17.9 The Development Agent will submit claims for HAG in line with the scheme and programme agreements. The Development Agent will prepare all HAG claims; these must be approved before submission by an authorised signatory of the Association.

## **18. Fixed Assets**

### **Fixed Asset Register**

- 18.1 The Corporate Services Director will maintain a fixed asset register, which will include details of the asset, supplier, date of purchase, cost, and depreciation.
- 18.2 The fixed asset register will be reconciled to the nominal ledger quarterly.

### **Custody of Assets**

- 18.3 The Association's assets will only be used for the normal business of the Association and will only be removed from the Association's office premises for that purpose. All members of staff are responsible for the safekeeping of fixed assets under their control.

### **Capitalisation and Depreciation**

- 18.4 In accordance with the Association's accounting policies, all fixed assets (other than housing stock) as determined by the Corporate Services Director will be capitalised and depreciated over their useful lives. Other assets (that cost less than £100) will not be capitalised but will be written off to the Income and Expenditure account in the year of acquisition.

## **19. Income**

### **Collection of Income**

- 19.1 Staff must notify the Corporate Services Director of income due to the Association from any source and record and collect it as directed.

### **Banking of Income**

- 19.2 All income received by the Association will be recorded and banked without delay. Receipts will be in the form specified by the Corporate Services Director. Recording of income is covered by the following finance procedures: F005, F006 and F007.

### **Write Off of Irrecoverable Income**

- 19.3 The Housing Management and Property Services Directors have the authority to write off individual amounts of irrecoverable income of less

than £100 (up to a maximum of £500 in one year), within their section (where it is believed that further pursuit would not represent value for money for the Association). All debts written off will be reported to the next meeting of the Board due to consider this issue.

## **20. Staff Salaries, Pensions and Expenses**

### **Introduction**

- 20.1 All staff of the Association have a contract of employment and documented conditions of service, which the Financial Regulations seek to support.

### **Payroll**

- 20.2 The Association's payroll is the responsibility of the Corporate Services Director, who must ensure that all legal obligations for record keeping, deductions and payments are complied with and necessary annual returns made. All payroll and related documents and records will be prepared and maintained appropriately. All relevant procedures are included in F001.

### **Salaries**

- 20.3 All staff will be paid in accordance with the current agreed salary scales. Annual reviews of the scale are by agreement between Employers in Voluntary Housing and union representatives. Award of salary increments will be on the basis set out in staff conditions of service.
- 20.4 All staff salaries are paid monthly in arrears by direct bank transfer on the 28th day of each month, or preceding banking day when the 28th is not a banking day. Staff will receive a payslip in advance of payment being made.

### **Staff Changes**

- 20.5 New staff appointments and salary levels are decided as follows:

<b>Post</b>	<b>Responsibility for Appointment and Salary Level</b>
CEO	Board
Directors	Board and CEO
Other Staff	CEO and Directors

- 20.6 These authorities do not allow an increase in staff costs beyond the current approved budget or a permanent increase in the staff establishment. Such changes require the approval of the Board before implementation.

- 20.7 Salary levels for new staff will be set at the appropriate point in the Association's scales dependent on the skills, experience and previous salary of the appointed applicant. Usual appointment will be at the first point in the scale, any exception to this needs to be agreed by CEO.
- 20.8 The Directors are responsible for obtaining satisfactory references for all new members of staff before their appointment and not confirming any offer of employment until such references have been received.
- 20.9 The Association's conditions of service stipulate the period of notice required from both staff and Association to terminate employment. The CEO and Directors are responsible for advising the Corporate Services Director by emailing Payroll Admin as soon as notice is given to or received from any member of staff. This advice must include the effective date of the notice, and details of any accrued holiday or other pay due to the employee. The Corporate Services Director must ensure that the appropriate payments are made.
- 20.10 The CEO and Directors are responsible for advising the Corporate Services Director by emailing Payroll Admin as soon as possible of all changes to the salary of existing staff. Staff are individually responsible for advising the Corporate Services Director of any changes in their banking arrangements or similar which may affect the calculation or payment of their salary (by emailing Payroll Admin).

## **Pensions**

- 20.11 The Association offers membership of the relevant SFHA Pension Schemes to all staff. The Corporate Services Director is responsible for administering the Association's involvement in the scheme, including
- Ensuring compliance with set dates for payment of contributions;
  - Advising the Pensions Trust of staff and salary changes;
  - Administering the pension salary sacrifice scheme.
- 20.12 The CEO and the Corporate Services Director will not offer advice to staff on their personal financial affairs.

## **Staff Expenses**

- 20.13 Staff are entitled to claim reimbursement of expenses wholly, necessarily and exclusively incurred in the course of business, as set out in their Conditions of Employment. This includes:
- Mileage in private cars;
  - Public transport fares;
  - Subsistence when out of the office on business.
- 20.14 All expenses must be claimed in the form and with the evidence specified

by the Corporate Services Director and approved in line with Section 9 - Authorisation of Expenditure. Expenses claimed more than six months after being incurred may only be paid with the approval of the CEO.

20.15 Mileage and subsistence rates are subject to annual review in line with any changes to EVH Conditions of Employment.

20.16 Staff expenses will be paid with salaries unless the Corporate Services Director directs otherwise.

### **Gifts and Entertainment Offered to Staff**

20.17 All staff must follow the rules set out in the Conditions of Employment relating to gifts, hospitality and entertainment offered by any individual or company, which relate or could be seen to relate to their role in the Association (see G/07 Entitlements, Payments and Benefits Policy). Any gifts, hospitality or entertainment, which are accepted, must be reported to the CEO and Corporate Services Director as soon as possible. The CEO is responsible for maintaining a record of such gifts, hospitality and entertainment (accepted and refused). This record will be available for inspection by members of the Association at the AGM.

20.18 Staff at all levels will observe the Association's Code of Conduct for staff.

### **The Board**

20.19 The Association's Rules do not allow Board members to receive any payment from the Association for their services as Board members.

20.20 They are entitled to claim expenses incurred through performance of their duties as Board members, which include:

- Necessary mileage in private cars;
- Public transport fares;
- Childminding or other legitimate care costs;
- Costs of accommodation when away from home on the Association's business;
- Other relevant expenses.

20.21 All expenses must be claimed in the form and with the evidence specified by the Corporate Services Director and approved in line with Section 9 - Authorisation of Expenditure. Mileage and subsistence expenses will be reimbursed at the same rate as currently paid to staff. Expenses claimed more than six months after being incurred may only be paid with the express approval of the CEO and Chair.

### **Gifts and Entertainment Offered to Board Members**

20.22 Board members must refuse all material gifts, hospitality and

entertainment offered by an individual or company that relate or could be seen to relate to their role in the Association. Any gifts, hospitality or entertainment, which are accepted must be reported by the Board member to the Chair and to the CEO as soon as possible. The CEO is responsible for maintaining a record of such gifts, hospitality and entertainment. This record will be available for inspection by members of the Association at the AGM.

20.23 Board members will observe the Association's Governing Board Members Code of Conduct.

## **21. Risk Management**

### **Introduction**

- 21.1 Risk has been defined as the threat of an event or action adversely affecting an organisation's ability to meet its business objectives. The Association views risk management techniques as central to all our key activities.
- 21.2 The Board is responsible for its risk management strategy (G16), in line with the requirements of the regulatory body, in order to identify the risks facing the Association and types of protection required to mitigate these risks. The strategy should cover important potential liabilities and be sufficient to meet any potential risk to all assets. This will be considered and approved by Board and Audit Committee on a six-monthly basis. The register is regularly reviewed by SMT.

## **22. Insurances**

### **Introduction**

- 22.1 The Corporate Services Director is responsible for ensuring that the Association has appropriate insurance cover in place at all times. The process is explained in F016. The allocation of premium between the tenants and the factored owners is covered by F017.

### **Risks**

- 22.2 The Association has identified the following risk areas, for which insurance cover will be arranged:
- Public and Employer's Liability;
  - The Association's housing properties (Property Stock);
  - Block insurance for factored properties (Property Stock);
  - Terrorism;
  - Landlords' contents in the community buildings;
  - Loss of rent following damage to tenanted property;
  - Contract works;



- Office contents;
- Increased cost of working;
- Computer equipment;
- Cyber Liability;
- Professional indemnity;
- Crime;
- Legal expenses;
- Accidents to staff on the Association's business;
- CEO and Officer's liability (when not covered by Scottish Federation of Housing Association (SFHA) membership).

22.23 All staff must advise the Corporate Services Director as soon as they are aware of any change in circumstances that may affect the Association's insurance needs or cover.

### **Insurance Claims**

22.24 All staff must advise the Corporate Services Director and the relevant Director as soon as they are aware of any loss, damage, liability or event which may result in a claim by the Association or any other party on the Association's insurance cover (other than routine tenant and factored owners' insurance claims).

22.25 All claims and potential claims (other than those for the factored properties), including negotiation with insurers, brokers and their appointed representatives will be handled as the relevant Director directs. Regular updates will be provided by the relevant Director to SMT.

### **Insurance Renewal**

22.6 The Corporate Services Director is responsible for agreeing the periodic renewal of the Association's insurance policies, and for conducting a formal tendering exercise at least every five years in accordance with the Procurement Policy. Advice may only be taken from suitably qualified brokers, companies or advisers. Only the Board may give acceptance of a tender for insurance services. Consideration must be given to the Procurement rules as explained in 15.5.

## **23. Group Structures**

23.1 In certain circumstances it may be advantageous to the Association to establish group structures or subsidiaries to undertake services on its behalf.

23.2 The Board is responsible for approving the establishment of group structures or subsidiaries and the procedure to be followed in order to do so.

23.3 It is the responsibility of the Board to establish the shareholding

arrangements and appoint CEOs of companies wholly or partly owned by the Association.

- 23.4 The CEOs of companies where the Association is the majority shareholder must submit an annual report to the Board.

## **24. Performance Standards**

- 24.1 The Association will use SHR performance standards as its benchmark.

## **25. Taxation**

- 25.1 The Corporate Services Director is responsible for advising heads of departments on all taxation issues in the light of guidance issued by the appropriate bodies and the relevant legislation as it applies to the Association.
- 25.2 The Corporate Services Director is responsible for maintaining the Association's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. They are also responsible for developing an effective taxation strategy which will minimise the tax burden to the Association.

## **26. Formal Execution of Deeds**

### **Introduction**

- 26.1 As a result of The Requirements of Writing Act 1995, formal documents are presumed to be subscribed by the Association if they have been signed by a Board member, the Secretary or any other person authorised to sign on behalf of the Association, provided their signature is properly witnessed.

### **Formal Execution of Deeds**

- 26.2 Deeds requiring to be formally executed are those which relate to:

- Land and buildings;
- Long term contracts such as leases and management agreements; and
- Arrangements involving significant amounts of money (e.g., loan agreements).

Deeds must be signed by a Board member, the Secretary or any other authorised signatory only following Board approval.

## **Sales**

- 26.3 Deeds for any property sales can be signed on behalf of the Board by the CEO.
- 26.4 Deeds for minor sales (<£25,000) can be signed on behalf of the Board by any member of the SMT.

## **The Scottish Government/City of Edinburgh Council**

- 26.5 The Scottish Government or CEC, in its role as grant provider, can require the following formal documents to be signed:
- Grant offer acceptances;
  - HAG claims;
  - Shared Ownership documents; and
  - Project approvals.

These need to be signed by the Association's authorised signatories and any changes to the authorised signatories need to be notified to the Scottish Government and CEC.

## **27. Provision of Financial Services**

### **Introduction**

- 27.1 Any agreement to undertake work on behalf of another organisation needs to be set out in a contract and signed by both parties, prior to the work been undertaken.
- 27.2 Sufficient Professional Indemnity Insurance needs to be in place annually.
- 27.3 Timesheets need to be maintained to ensure all time spent on providing these services are charged to the relevant organisation.
- 27.4 A formal review of the rates charged needs to take place every 5 years (as a minimum) to ensure costs are being covered. Costs are to increase on an annual basis by an agreed rate of inflation.
- 27.5 Any additional work over and above that stated in the contract needs to be invoiced separately but should be agreed with the partner organisation before the work is undertaken.

## **28 Amendment of Financial Regulations**

### **Authority to Amend Financial Regulations**

28.1 Only the Board has authority to make changes in the Association's Financial Regulations, but any changes need to be referred to the Audit Committee in the first instance for recommendation to the Board.

### **Reasons for Change**

28.2 Amendments to Financial Regulations may be required for the following reasons:

- Changes in statute, regulatory guidance, Rules, Standing Orders or delegated authorities which contradict or otherwise require a change in the Financial Regulations;
- Recommendations from Internal or External Auditors; or
- Operational experience of the Association.

### **Source of Amendment**

28.3 Amendments to the Financial Regulations may be proposed by:

- A Board member;
- The CEO or Corporate Services Director; or
- Other Directors

to a meeting of the Audit Committee or the Board.

28.4 Audit Committee (and subsequently the Board) members must receive a draft of the proposed change and explanatory notes with notice of the meeting in line with Standing Orders.

28.4 Amendments to the Financial Regulations are subject to the usual Board voting procedures as set out in Standing Orders. Any amendments approved have immediate effect unless the Board resolves otherwise.